

Beyond the Book

A Podcast Series on the Business of Writing and Publishing

PREVIEWING DIGITAL BOOK WORLD CONFERENCE 2011 With Guy LeCharles Gonzalez & Mike Shatzkin

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KENNEALLY: Could the next 12 months in book publishing possibly be as exciting and full of change as the last 12? For a reliable forecast, a good plan would be to attend the Digital Book World Conference and Expo in New York City at the Sheraton Hotel and Towers this January 24 through the 26th, and we're going to talk about that conference with two of the main constituents for it.

Welcome to *Beyond the Book*, everyone. Chris Kenneally here joining you from Copyright Clearance Center in Danvers, Massachusetts, and on the line with me is Guy Gonzalez, director of programming and business development for Digital Book World. Guy, welcome to *Beyond the Book*.

GONZALEZ: Thanks, Chris. Glad to be here.

KENNEALLY: And also on the line, we have Mike Shatzkin, founder and CEO of the Idea Logical Company, a frequent enough a guest here on *Beyond the Book*. Mike, good to have you back on the program.

SHATZKIN: I'm happy to be here.

KENNEALLY: And, let's start then with that question, gentlemen. Mike, I want to turn to you first because you're the conference chair for this year, as you were for last year, and I was remembering, preparing for this call, that the very first conference the very first day, the serendipity of the announcement by Steve Jobs of the iPad. And in the 12 months since then, quite a lot has changed and really, look back on the last 12 months, Mike. It has been exciting, and probably in a negative way as much as a positive way for the book industry.

SHATZKIN: Yeah, I think that's right. I think that it's been exhilarating and scary all at the same time. That's the nature of change. Change is exhilarating and scary, and I think that it's definitely true that the iPad has had a profound impact on the emerging e-book business, and you're right, it was very exciting when the iPad was announced. There were a lot of people gathered around television sets. I think Guy probably had a lot to do with this. The organizers at Digital Book World sort of reorganized, if I remember right, exactly when some of the breaks were so that

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people could see that Apple press conference and weren't trapped in one of our sessions that had been planned so painstakingly over the months before, but were able to get the fresh news, and it really was a harbinger of a lot of change.

KENNEALLY: Right. And Guy, it really made the point, I think, in a way you couldn't possibly have planned for and were just very lucky to have, that this really – Digital Book World wasn't something in someone's imagination anymore. This was a reality.

GONZALEZ: Yes. It was an interesting moment during the conference due to that, and this was about two weeks beforehand when we finally got official confirmation for when it was going to happen and had to make some adjustments both for the schedule and for the technology. The stream wasn't easily available and I think we ended up actually hacking somebody's recording and getting it in at first, and then at one point, it might have been showing live.

But it was an interesting moment to really kind of hammer home the dynamic changes that were kind of right on the horizon. Coming out of Digital Book World after the iPad, there was the Amazon Macmillan standoff and it feels like things haven't slowed down yet.

KENNEALLY: Right. And Mike, I guess that really is the question. Do you see Digital Book World 2011 as a way for everyone in the industry to prepare themselves for the next 12 months?

SHATZKIN: Well, I certainly think that's part of it. What I've really attempted to do is just sort of assess the state of digital play or the state of play for book publishers based on digital change. So, I think it is a moment for people to take stock of where they are and where they need to go in the short run and in the long run, but primarily in the short run. It is a sort of a benchmark, and who knows, maybe Januarys will become benchmarks for us.

KENNEALLY: I've heard say that in the stock market, that's often the case. If the stock market is up in January, the year is usually a good year, and so I suppose if you look back at 2010, that excitement, that kind of up moment of the iPad announcement did presage all of the good things. There's been a lot of testing of the marketplace by the digital innovations that are out there, but you, in the conference, are specifically calling out optimism as a characteristic of what people are going to expect from all this. Why would that be the case? Why are you so optimistic?

SHATZKIN: I'm going to bump that one to Guy. The optimism meme is Guy's meme.

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KENNEALLY: Are you the chief optimist?

SHATZKIN: I'm going to let him handle that question.

KENNEALLY: You're the chief optimist at Digital Book World, Guy. So why the good cheer?

GONZALEZ: Well, I wouldn't necessarily call it good cheer, because that would probably mean you might be ignoring some of the signs that are out there. But the general sense of optimism that we found on display amongst attendees last year – partly from – there's something to be said about being in a room with your peers and colleagues discussing the challenges that you're all facing as an industry, because at the end of the day, every publisher in this space is at some level a competitor, but also at some level a partner.

And I think we're actually going to see that play out rather dramatically over the next couple of weeks in this situation with Borders. There's a major decision there that, while publishers can't necessarily get together and make that decision, that's a live-or-die-together moment there with the situation with Borders.

And the sense of optimism, while Mike and I tend to maybe disagree on the tone of that optimism, I think if you look at the program he's created, the emphasis on opportunities that are ahead, while not ignoring the challenges that publishers are facing in trying to take advantage of those opportunities. The sense of optimism comes from the reality that people still read. E-books are an opportunity for even more people to read, particularly when you look beyond the U.S. and look into international markets where e-books now make growth a real opportunity.

That sense of optimism just comes from the fact that there are a lot of great things happening in this space, and while there are a lot of challenges that stand in the way of those opportunities, an event like Digital Book World and the program and the constituents that Mike has been able to put together, there's no way you can leave that conference and not feel like, a, you've gotten some insights that are going to be valuable to you and b, that there are a lot of innovative and creative people in this industry who are going to continue to drive it forward.

SHATZKIN: I want to add one thing to Guy's point, which is that Michael Cader this morning in *Publishers Lunch* crashed, as he does, cracked open some numbers from BookScan and came to the conclusion that e-book growth is faster than print book decline. So the net result of that would support an optimistic view, because

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what he's saying is that the total market between print and digital is growing even though the print component of the market is shrinking.

I definitely think that that's possible and I want to echo Guy's point about the tremendous opportunities that exist for English language publishers, particularly American publishers, in international markets. That is something that was difficult to exploit in print and it's much easier to exploit in a digital context.

KENNEALLY: Right. So, Mike, as you've been preparing for the program, what are some things you're going to be doing differently in 2011 than you did for the first conference? And did you get a lot of input from past participants? I know you have a special conference council that brings a lot of ideas in. Tell us about that process, how you come to the program we have.

SHATZKIN: Well, what I try to do and did it last year and did it somewhat more publically this year, is at an early moment, which I think was about April of 2010, I tried to sort of suss what the issues are likely to be in January 2011, nine months ahead. Then I exposed those issues to other smart people that I can find, and some of them are on the conference council, some of them are not.

Then in late June, we had a meeting, which was an extraordinary event. It was two hours. We had – I'm trying to remember – about 20 or 25 top-notch people, distinguished literary agents, CEOs, the head of Ingram, the head of Baker & Taylor. It was just a dazzling group of industry power and intellect. And we spent two hours going over the various issues and thinking about how to go after them.

And we got some fabulous suggestions out of that. One, for example, we were trying to talk about how are we going to look at the decline of brick and mortar and who can we get to talk about that honestly, because you're not going to get stores to get up there and say, oh yeah, we're going to shrink by 50 percent in the next five years, and you're not going to get publishers to go up there and say, we expect our biggest accounts to collapse.

And we got a suggestion out of that meeting that we get industry stock analysts who are following Barnes and Noble and Amazon to talk about how they see that movement, which I thought was a really excellent suggestion and it's one that we followed through on.

So, yes, we collect a lot of information from as many places as we can and ideas from as many places as we can, and we get some specialized help. We had specialized help on the juvenile program from someone who runs a children's book – sort of an ABA for children's book publishing, and we got some help on the

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metadata program, which is a very important component that's under-thought-about from the Book Industry Study Group, which thinks about metadata 24/7.

So we go to experts where we have to and we mainly go to experienced people who are dealing with these challenges and try to find out from them what is challenging them. And we talk to all the big companies about what issues they think their people need more exposure to a discussion of, and in general, we sort of canvass the industry for a feel for what's important and what needs to be addressed. And all of that is sort of shaken well and hopefully turns into a really good salad dressing.

KENNEALLY: I'm looking at the conference program here and trying to pick out some things that interest me, and it shows you what kind of a geek I am. I think all this is interesting. But it does run the gamut from a program, as you mentioned, on Metadata: The Key to Discovery and Transaction all the way to understanding various marketplaces.

But here's one that really struck me as asking some great questions. It's about skill sets publishers don't have. How do we get them or deal with it? It's a program asking the question, what do lifetime veterans in book publishing business do if they need to have new skills. I guess, Mike, what do you hope to come out of that?

SHATZKIN: That's a topic that last year I tried to deal with and I couldn't, couldn't put it together. My idea the first time around was when the younger people know more than the older people, which in the days of social network marketing is a very common problem that the kid you just hired in the publicity department knows much more than the 25-year veteran about how to use Twitter and Facebook. So I wanted last year to see if I could put together a program where younger people were teaching older people. I didn't manage to quite do it.

This year, I took a different approach and I went to Lorraine Shanley, who is a headhunter as part of her business. She does a lot of executive search in the publishing business. And I asked her, what are people asking for that they didn't used to ask for? That's how I started the conversation with her. And what we decided to do is to put together a panel that's primarily people who have come into the book business from other businesses in the last three years and we figured that they would be the ones who would know, when they come into a company, what's missing here? What is it that the people here don't understand that they need to understand?

And that's really sort of how that panel got formulated and that's how that panel is going to attack the question. But I think that Guy can speak to this because I know

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that the Digital Book World community does a lot of work on skill sets and training and a lot of work with young people who are bringing new skills into the industry. What we used to do doesn't work anymore and we need to know a lot of things that growing up in the book business wouldn't necessarily teach you.

KENNEALLY: Yes, Guy, to that point, you've got starting off the program A CEO's View of the Future, so I think the message for the Digital Book World is it's an opportunity to get that forecast. What kind of a forecast do you expect from this panel? It's heavy hitters all the way around, Brian Napack from Macmillan, Jane Friedman now with Open Road Integrated Media, David Steinberger from Perseus, of course, Michael Hyatt from Thomas Nelson and David Nussbaum from F+W Media. What are you hoping they're going to tell everybody?

GONZALEZ: What we're looking at there is – that panel came together interestingly. Each of those executives either are running companies, or in the case of Jane Friedman, have run and are currently running companies who are doing interesting, innovative things in this space, whether you've got Perseus and their Constellation program where they're giving a digital angle to their small publishers who in a lot of ways kind of have been left out of the e-book loop a little bit. You've got Jane Friedman and Open Road, who's made a lot of waves with their new model. A lot of it is heavily outsourcing a lot of what we consider traditional publishing responsibilities while putting a heavy emphasis on marketing.

Here at F+W, one of our big things that we're noted for is our community-centric focus and our success with e-commerce. Thomas Nelson and Michael Hyatt, in fact, everybody knows the success that they've had and some of the innovations they've done with BookSneeze and with their self-publishing program under West Bow.

And Brian Napack was, while controversial, one of our most noted speakers last year. His presentation on digital book piracy, not everyone agreed with it but I think most people agreed that he presented his case well even if you didn't necessarily agree with his angle.

And Macmillan, as one of the Big Six, has made a lot of interesting and aggressive moves in the past year, starting the weekend right after Digital Book World when John Sargent went out to Amazon and the agency battle began.

So I think this mix of executives, the willingness that they have to get onstage to discuss the things that they've done, the plans that they have, to share insights from the things they've tried that didn't work out, I think it's a pretty unique opportunity that – one of the things we definitely didn't want was the situation that happened at

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BEA last year where there was a CEO panel and there was a sense of not everyone was kind of looking ahead to the future. This was a group of CEOs who are very firmly looking forward and are optimistic about the opportunities ahead, and I think the insights they're going to offer are going to be really illuminating.

KENNEALLY: From my own experience attending the conference last year, I had the sense of something very different was up at Digital Book World, and I think we can expect that to continue later this month, January 24 to the 26th in New York at the Sheraton Hotel and Towers.

We've been chatting with Guy Gonzalez, who is director of programming and business development for Digital Book World. Guy, thank you for joining *Beyond the Book*.

GONZALEZ: Oh, thank you, Chris. Enjoyed it.

KENNEALLY: And also had on the line with us Mike Shatzkin. Mike, always a pleasure to chat with you. Mike is founder and CEO of the Idea Logical Company and conference chair for Digital Book World. Thanks again, Mike.

SHATZKIN: Thank you.

KENNEALLY: And for everyone at Copyright Clearance Center, this is Chris Kenneally wishing you a great day.

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